

COMMERCIALIZATION RESOURCES ORGANIZATION (CRO)

Reporting Authority:

The Board of Regents

Mission:

The mission of the CRO is to function as a single, unified agent of the three regent universities for the purposes of significantly increasing the efficiency and effectiveness of Iowa university-based commercialization, and, to increase the overall value and impact of those commercial opportunities created.

Composition:

The CRO is comprised of commercialization specialists from each regent university and selected private sector commercialization experts.

Need:

Nation-wide, universities and communities are seeking more effective ways to harness the commercial potential of academic discoveries. A major challenge is that the stage of development is often far too early to attract private investment. Most university opportunities languish in the absence of a savvy business team and adequate funding. We refer to this sector of commercialization as the "gap"- and it spans the time period and crucial support needed for an invention with commercial potential to become worthy of private investment.

Few solutions have emerged to address this gap. In fact, the gap is increasing. After the '01 market crash, most venture funds moved increasingly away from early stage investments. Government funding for early stage startups - such as the SBIR- are highly competitive and have become more stringent in selection criteria, demanding greater due diligence in business planning than most academics can provide. Angel investors are a growing faction in the US for early stage investing. With a nascent Angel infrastructure, little capital under management, and still the need for risk reduction prior to investment, this is not yet a major solution in Iowa.

It has become clear that universities must step up to the plate here. The intention of the CRO is to fill this gap far more effectively than the individual Iowa universities have done thus far. One might conclude the top priority is financing, but in fact, the single biggest gap is having domain experts and entrepreneurs to manage the early stages of business creation. The top priority is "human capital" for these early stage business opportunities; a close second is financing, and the key is savvy management that can effectively utilize that funding.

Functions of the CRO:

For maximum effectiveness, the CRO will create a comprehensive commercialization approach, pieces of which are outlined in the specific approaches below and are already being pursued. The CRO will implement and manage those strategies across the three regent universities. Our approach is

results-oriented, focusing on short- and long-term specific and measurable outcomes that are consistent with state-wide economic development directives.

- **Create Comprehensive Strategy**- create a comprehensive, integrated, commercialization strategy for the three regent universities
- **Implement and manage the strategy**- using approaches that leverage the strengths of each university and share resources, methods, and portfolios
- **Interface** with the government, state organizations, the private sector, and the community to develop increasingly effective solutions, connect investors with opportunities, and communicate plans and progress

Specific Approaches:

Our approach is to nurture the formation of companies and commercialization opportunities through the stages from invention to private-sector investment readiness. Many opportunities may require a multi-year process. To achieve this we will (i) create an extensive network of private sector individuals skilled in supporting early stage commercialization; (ii) create methods and/or purchase tools to increase effectiveness in the identification and selection of promising opportunities, otherwise known as the "Pipeline"; (iii) connect those opportunities with savvy entrepreneurs or consultants from the network or elsewhere for business strategy and creation, and provide gap funding to the most promising opportunities; and (vi) create forums for private sector follow on investment in those opportunities reaching the required maturity.

This approach is based on a combination of experience, and research conducted on best university commercialization approaches. However, defining the most effective strategy for the specific culture and resources in Iowa requires careful consideration, and approaches will likely evolve. The breakdown in expenditures is indicated below by percentage, assuming an annual budget of approximately \$3M for three years. Funding is targeted to the highest leverage areas, with over 80% project related.

- 5% - NETWORK- create a formal network of entrepreneurs, industry experts, and consultants for opportunity evaluation, business planning, and business creation
- 10%- "PIPELINE"- develop a "pipeline" approach which enables the full assessment and prioritization of the university portfolios spanning the colleges and disciplines for potential commercial opportunities, and interdisciplinary or cross-university opportunities; implement faculty entrepreneurial training programs to facilitate further creation of commercial opportunities
- 80%- GAP FUNDING - provide crucial support to the most promising commercial opportunities for activities including feasibility demonstration,

risk reduction, market research, business planning, interim management, etc.; use a selection process, and monitor using milestones and performance evaluations; provide any needed support to those emerging as most likely to succeed

- 5%- FOLLOW ON INVESTMENT - create recurring venues or investor forums to show case the best investment opportunities to the investment community; support startups through the financing process where needed

This funding provides crucial methods, tools and new thinking that will increase the effectiveness of university commercialization. Drawing the private sector further into the process will reinforce these changes as entrepreneurs and investors increasingly engage with the universities. As such, this is a self-sustaining, self-reinforcing approach that will result in culture change and on-going improvements in effectiveness within the universities and impact throughout the state of Iowa.